

House Bill 1593

By: Representatives Drenner of the 86<sup>th</sup>, Porter of the 143<sup>rd</sup>, Benfield of the 85<sup>th</sup>, Buckner of the 130<sup>th</sup>, and Henson of the 87<sup>th</sup>

A BILL TO BE ENTITLED

AN ACT

1 To amend Title 46 of the Official Code of Georgia Annotated, relating to public utilities, so  
2 as to provide for voluntary portfolio standard goals for renewable energy; to provide for  
3 legislative intent and purpose; to provide for definitions; to provide for reports, incentives,  
4 penalties, and rules and regulations; to provide for a renewable energy credits trading  
5 program; to provide for a registry of producers of renewable energy in this state; to provide  
6 for credits for landfill gas or other renewable energy in the form of gas supplied by a  
7 producer of renewable energy and sold to a customer or gas distribution system; to provide  
8 for a reporting system to monitor compliance; to encourage integrated resource plans to  
9 include sufficient renewable energy resources to meet the portfolio standard goals for  
10 renewable energy; to amend Code Section 50-23-4 of the Official Code of Georgia  
11 Annotated, relating to definitions concerning the Georgia Environmental Facilities Authority,  
12 so as to include in the definition of "project" renewable energy facilities such that the  
13 Georgia Environmental Facilities Authority may issue bonds to finance such projects; to  
14 provide for related matters; to repeal conflicting laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

16 **SECTION 1.**

17 Title 46 of the Official Code of Georgia Annotated, relating to public utilities, is amended  
18 in Article 1 of Chapter 3, relating to generation and distribution of electricity, by inserting  
19 a new part to be designated Part 4 to read as follows:

## "Part 4

46-3-70.

(a) It is the intent of the legislature to recognize the economic, environmental, and fuel diversity benefits of renewable energy resources, to encourage further development of these resources, and to encourage the establishment of a market for renewable energy in Georgia using the state's renewable energy resources. These efforts can reduce the consumption of fossil fuels for the generation of electricity and reduce the state's dependence on finite, nonrenewable resources. Accordingly, the legislature finds that it should establish goals for electric utilities to guide them in incorporating renewable resources into their resource portfolios.

(b) The purpose of this part is to lessen Georgia's dependence on fossil fuels and the exposure of Georgia's consumers to volatile and rising prices for coal and natural gas by encouraging the greater use of renewable energy by establishing goals for electric utility companies in implementing portfolio standards for renewable energy.

46-3-71.

As used in this part, the term:

(1) 'Biomass material' means organic matter, excluding fossil fuels and black liquor, including agricultural crops, plants, trees, wood, wood wastes and residues, sawmill waste, sawdust, wood chips, bark chips, and forest thinning, harvesting, or clearing residues; wood waste from pallets or other wood demolition debris; peanut shells; cotton plants; corn stalks; and plant matter, including aquatic plants, grasses, stalks, vegetation, and residues, including hulls, shells, or cellulose containing fibers.

(2) 'Commission' means the Georgia Public Service Commission.

(3) 'Electric membership corporation' means a corporation organized under Article 2 of this chapter.

(4) 'Electric service provider' means any electric utility company, electric membership corporation, or municipal electric provider engaged in the business of distributing electricity to retail or wholesale electric customers in this state.

(5) 'Electric utility company' means an electric utility as defined in Code Section 46-1-1.

(6) 'Low impact hydropower' means a dam and powerhouse that:

(A) Is certified as low impact by the Low Impact Hydropower Institute; or

(B) Is evaluated by the commission as compliant with the following standards:

(i) Providing river flows that are healthy for fish, wildlife, and water quality, including seasonal flow fluctuations where appropriate;

- (ii) Protecting water quality in the river;
- (iii) Providing effective fish passage and protecting fish from entrainment;
- (iv) Taking sufficient action to protect, mitigate, and enhance environmental conditions in the watershed;
- (v) Avoiding negative impact on species classified as threatened or endangered by the federal or state government;
- (vi) Avoiding inappropriate impact on cultural resources;
- (vii) Providing free access to the water and accommodating recreational activities on the river; and
- (viii) Avoiding recommendation for removal by a federal or state agency due to adverse environmental impact.

(7) 'Municipal electric provider' means an electrical service provider owned or operated by a municipal corporation.

(8) 'Renewable energy' means electrical energy produced from or by any of the following: wind; solar energy; low impact hydropower; geothermal resources; ocean thermal energy; wave or tidal energy; biofuels derived entirely from organic sources other than coal, petroleum, or natural gas; the combustion of landfill gas; methane gas resulting from the anaerobic decomposition of organic materials; plasma arc; pyrolysis; gasification; biomass materials and geothermal resources; postconsumer waste paper; forest related sources, including mill residues, waste pallets, crates, and dunnage; or forest and agricultural biomass sources including orchard tree crops, vineyard, grain, legumes, sugar, switchgrass, other crop by-products or residues, and precommercial thinning, slash, brush or landscape trimmings, but not including old-growth timber.

(9) 'Renewable energy credit' means a tradeable instrument created as an attribute of renewable energy in accordance with rules and regulations promulgated in accordance with Code Section 46-3-74.

46-3-72.

(a) Each electric service provider is encouraged to establish a renewable energy sources energy portfolio standard goal of:

- (1) One half of 1 percent of its annual net electricity sales by December 31, 2009;
- (2) One percent of its annual net electricity sales by December 31, 2010;
- (3) Two percent of its annual net electricity sales by December 31, 2011;
- (4) Three percent of its annual net electricity sales by December 31, 2012;
- (5) Four percent of its annual net electricity sales by December 31, 2013;
- (6) Five percent of its annual net electricity sales by December 31, 2014;

- (7) Six percent of its annual net electricity sales by December 31, 2015;
- (8) Seven percent of its annual net electricity sales by December 31, 2016;
- (9) Eight percent of its annual net electricity sales by December 31, 2017;
- (10) Nine percent of its annual net electricity sales by December 31, 2018; and
- (11) Ten percent of its annual net electricity sales by December 31, 2019.

(b) When an electric service provider has reached the standard goal of 10 percent of annual net electricity sales, the electric service provider is encouraged to maintain a renewable energy portfolio of at least 10 percent of its annual net electricity sales.

46-3-73.

(a) The commission may provide incentives to encourage electric service providers to exceed the energy portfolio standard goals in Code Section 46-3-72 or to meet such goals early, or both.

(b) For electric service providers subject to rate determination by the commission, the cost of purchases of energy and energy credits to meet energy portfolio standard goals or to meet such goals early shall not be included in the rate base as expenses of the electric service provider in such rate determination.

46-3-74.

(a) No later than January 1, 2007, the commission shall adopt rules and regulations to implement, administer, and enforce this part.

(b) At a minimum, the rules and regulations shall:

(1) Require that proposed capacity additions shall meet the emissions requirements of the more stringent of the following:

(A) The Georgia rules and regulations for air quality; or

(B) The best achievable control technology;

(2) Establish a renewable energy credits trading program, allowing any electrical service provider to purchase sufficient energy credits to meet the goals established in Code Sections 46-3-72;

(3) Establish a registry of producers of renewable energy in this state. Electric service providers may purchase renewable energy or renewable energy credits directly from producers on the Georgia registry. In promulgating rules and regulations in accordance with this paragraph, the commission shall provide for such procedures and processes to utilize renewable energy credits from producers on the Georgia registry and from producers outside the state so as to achieve the maximum benefit to the state in terms of the state's economy, environment, and fuel diversity. The commission may establish and

1 support other mechanisms for direct marketing of renewable energy and energy credits  
2 by Georgia producers of such renewable energy;

3 (4) Provide that an electric service provider may credit toward satisfaction of the goals  
4 set out in Code Sections 46-3-72 any production or acquisition of renewable energy in  
5 the form of gas sold to a customer or to a gas distribution system or credits based on such  
6 gas, based on conversion to kilowatt hours of the thermal energy content in British  
7 thermal units of the renewable energy and using for the conversion factor the  
8 system-wide average heat rate of the gas-fired units of the electric service provider's  
9 system as measured in British thermal units per kilowatt hour; provided, however, that  
10 for co-firing renewable and nonrenewable fuels, only the renewable portion of British  
11 thermal units per kilowatt hour shall be allowed as a credit;

12 (5) Provide for a reporting system to monitor voluntary compliance with this part. The  
13 reporting system shall require electric service providers to report whether they are subject  
14 to energy portfolio requirements in more than one state, the amount of such requirements  
15 if applicable, and to indicate the sources of energy or energy credits used to voluntarily  
16 comply with the energy portfolio goals in Georgia and the requirements of other  
17 applicable states;

18 (6) Provide for annual reporting by all electric service providers of any renewable energy  
19 credits purchased, including whether such purchases were made inside or outside of the  
20 state, how the renewable generation costs compared to cost from other generation  
21 sources, and the average price paid for the renewable energy credits; and

22 (7) Require that an electric service provider certify that any of its renewable energy  
23 credits sold meet state standards."

### 24 **SECTION 3.**

25 Said title is further amended in Code Section 46-3A-1, relating to definitions relative to  
26 integrated resource planning, by striking paragraph (7) and inserting in lieu thereof the  
27 following:

28 "(7) 'Plan' means an integrated resource plan which contains the utility's electric demand  
29 and energy forecast for at least a 20 year period, contains the utility's program for  
30 meeting the requirements shown in its forecast in an economical and reliable manner,  
31 contains the utility's analysis of all capacity resource options, including both demand-side  
32 and supply-side options, and sets forth the utility's assumptions and conclusions with  
33 respect to the effect of each capacity resource option on the future cost and reliability of  
34 electric service. The plan shall also:

(A) Contain the size and type of facilities which are expected to be owned or operated in whole or in part by such utility and the construction of which is expected to commence during the ensuing ten years or such longer period as the commission deems necessary and shall identify all existing facilities intended to be removed from service during such period or upon completion of such construction;

(B) Contain practical alternatives to the fuel type and method of generation of the proposed electric generating facilities and set forth in detail the reasons for selecting the fuel type and method of generation;

(C) Contain a statement of the estimated impact of proposed and alternative generating plants on the environment and the means by which potential adverse impacts will be avoided or minimized;

(D) Indicate in detail the projected demand for electric energy for a 20 year period and the basis for determining the projected demand;

(E) Describe the utility's relationship to other utilities in regional associations, power pools, and networks;

(F) Identify and describe all major research projects and programs which will continue or commence in the succeeding three years and set forth the reasons for selecting specific areas of research;

(G) Identify and describe existing and planned programs and policies to discourage inefficient and excessive power use; and

(H) Identify and describe existing and planned renewable energy resources sufficient to voluntarily comply with energy portfolio standard goals set out in Code Sections 46-3-71;

(I) Identify and describe existing and planned renewable generation sources used by the utility; and

~~(H)~~(J) Provide any other information as may be required by the commission."

#### SECTION 4.

Code Section 50-23-4 of the Official Code of Georgia Annotated, relating to definitions concerning the Georgia Environmental Facilities Authority, is amended by striking paragraph (12) and inserting in its place a new paragraph (12) to read as follows:

"(12) 'Project' means the acquisition, construction, installation, modification, renovation, repair, extension, renewal, replacement, or rehabilitation of land, interest in land, buildings, structures, facilities, or other improvements and the acquisition, installation, modification, renovation, repair, extension, renewal, replacement, rehabilitation, or furnishing of fixtures, machinery, equipment, furniture, or other property of any nature

whatsoever used on, in, or in connection with any such land, interest in land, building, structure, facility, or other improvement, all for the essential public purpose of providing environmental facilities and services, including but not limited to renewable energy generation facilities, to meet public health and environmental standards and to aid the development of trade, commerce, industry, agriculture, and employment opportunities, or projects authorized by the Georgia Regional Transportation Authority created by Chapter 32 of this title as defined in such chapter, where the authority has been directed to issue revenue bonds, bonds, notes, or other obligations to finance such project or the cost of a project in whole or in part, provided that the authority's power with respect to such projects authorized by the Georgia Regional Transportation Authority shall be limited to providing such financing and related matters as authorized by the Georgia Regional Transportation Authority."

## SECTION 5.

All laws and parts of laws in conflict with this Act are repealed.